

MINUTE of MEETING of the AUDIT COMMITTEE held within WEBEX VIRTUAL MEETING ROOM, on 22 JUNE 2020.

Present – Councillors Chris Horne (Chair), Damian Timson, Lawrence Fitzpatrick, John McGinty and Moira Shemilt (substituting for councillor Carl John); Moira Glencorse (Lay Member)

Apologies – Councillor Carl John

In attendance - Graham Hope (Chief Executive), Donald Forrest (Head of Finance and Property Services), James Millar (Governance Manager) and Kenneth Ribbons (Audit, Risk and Counter Fraud Manager); Rob Jones and Stephen Reid (EY)

The Chair welcomed Moira Glencorse, who had been appointed as the new Lay Member, to the committee.

The committee also agreed to the meeting being audio broadcast.

1        DECLARATIONS OF INTEREST

Agenda Item 8 - Consideration of 2019/20 Annual Accounts (Unaudited)

Councillor Chris Horne declared an interest as he was a member of the West Lothian Leisure Board of Directors. A specific exclusion applied, which allowed Councillor Horne to participate in the item of business.

2        MINUTE

The committee approved the minute of its meeting held on 27 January 2020. The Chair thereafter signed the minute.

3        INTERNAL AUDIT PLAN 2020/21

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager informing members of the 2020/21 internal audit plan.

It was noted that further work might be required on the plan as the Covid-19 situation developed.

It was recommended that the committee approve the 2020/21 internal audit plan.

Decision

To approve the terms of the report.

4        INTERNAL AUDIT ANNUAL REPORT

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager informing members of the work undertaken by internal audit during 2019/20, reporting on internal audit's performance, and advising of the Audit, Risk and Counter Fraud Manager's conclusion on the council's framework of governance, risk management and control.

During discussion, it was clarified that the staff survey was now undertaken every two years in order to allow sufficient time for any actions to have an impact; however, individual services could undertake annual surveys should the need arise.

It was recommended that the committee:

1. Note the Audit, Risk and Counter Fraud Manager's conclusion that the council's framework of governance, risk management and control was sound; and
2. Endorse the independence of the internal audit function as set out in section three of the appended annual report.

#### Decision

To approve the terms of the report.

### 5 EXTERNAL AUDIT PLAN 2019/20

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager informing members of the external auditor's 2019/20 annual audit plan and annual audit plan addendum.

The plan had been approved under Standing Order 31 (Urgent Business) and further reviews might be required in light of the Covid-19 situation. It was noted that local authorities involved significant risks in audit terms and EY would continue to focus on the completeness of disclosures. The issue of exiting the EU was also raised and EY would provide an updated position in their annual report.

Members also asked for clarifications on the valuation of pension assets and liabilities section and EY undertook to amend the wording in the section to clearly show that the pension deficit shown represented long-term liabilities and not an inability to meet members' current pension entitlement.

It was recommended that the committee note the external auditor's 2019/20 annual audit plan and addendum.

#### Decision

1. To note the terms of the report.

2. EY to add a clarification on p. 17 of the Annual Audit Plan, *Valuation of pension assets and liabilities*, to explain that the pension deficit did not represent an inability to meet Scheme members' current pension entitlement but rather represents long term liabilities.

## 6 CONSIDERATION OF 2019/20 ANNUAL ACCOUNTS (UNAUDITED)

The committee considered a report (copies of which had been circulated) by the Head of Finance and Property Services requesting that members consider the 2019/20 Annual Accounts of the Council (unaudited).

The Centre of Procurement Expertise was discussed and it was concluded that it provided value for money. The significant impact of Covid-19 on council services was also reiterated.

It was recommended that the Audit Committee consider the 2019/20 Annual Accounts prior to submission to Ernst & Young LLP for audit.

### Decision

To note the terms of the report.